



U.S. Immigration
and Customs
Enforcement

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News Release

LEADER OF MASSIVE CIGARETTE SMUGGLING ORGANIZATION PLEADS GUILTY

Sunland Park, N.M., man masterminded a criminal multi-million dollar enterprise

EL PASO, Texas - Jorge Abraham, a U.S. citizen and head of an international cigarette smuggling organization, pleaded guilty on Wednesday to count one of a 92-count indictment that charged him with "Conspiracy to Smuggle Cigarettes into the United States," "Traffic in Contraband Cigarettes," and "Traffic in Counterfeit Cigarettes."

The pleading was announced by United States Attorney Johnny Sutton and U.S. Immigration and Customs Enforcement (ICE) Acting Special Agent-in-Charge Ronald Wood.

U.S. Immigration and Customs Enforcement special agents arrested Abraham and 13 other members and co-conspirators of his organization Jan. 28.

A federal grand jury indicted Abraham and several other co-defendants Dec. 10, 2003. Each defendant was charged for their involvement and active participation in the smuggling, facilitation and distribution of counterfeit and contraband cigarettes, as well as for conspiring with Abraham.

Abraham, 34, pled guilty to a felony, namely Conspiracy to Smuggle Cigarettes into the United States, Traffic in Contraband Cigarettes, and Traffic in Counterfeit Cigarettes, violations of Title 18 U.S.C. Sections 371, 545, 2342(a) and 2320(a). Abraham faces a maximum sentence of five years.

The ICE investigation revealed that between September 2001 and December 2002, the Abraham Organization smuggled diverted, transported and distributed, and attempted to smuggle, divert, transport, and distribute a total of at least 11,360 cases of counterfeit and contraband cigarettes, and 101 cases of liquor, into the United States for illegal sale. This number of cases of cigarettes represents 27 different known transactions involving the Abraham Organization. The total amount of counterfeit cigarettes that the Abraham Organization distributed was at least 2,313 cases. The retail value of these counterfeit cigarettes was about \$5.4 million. The total loss of revenue to the federal government and various state governments (New, California and Texas) was about \$9.2 million. A

total of at least 5,616 cases of cigarettes were ultimately illegally supplied to various distributors in the United States. The government seized the remainder of the cases of cigarettes.

“This organization made large profits from circumventing the system and not paying the required taxes, cheating the American taxpayers from millions of dollars,” said Wood, who leads ICE’s El Paso Office of Investigations. “The agency appreciates the efforts of U.S. Attorney Sutton, his office, and the men and women of the various law enforcement agencies who worked with us to successfully bring this complex case to conclusion.”

As part of his guilty plea, Abraham agreed to pay restitution to the state and federal entities to which taxes and duties should have been paid. The court will sentence him and determine restitution and fines at a later date.

Abraham was responsible for negotiating, smuggling, diverting, facilitating, transporting and distributing contraband and counterfeit cigarettes in the United States. His criminal enterprise would smuggle counterfeit cigarettes manufactured in China. The counterfeit goods were packaged and labeled to give the appearance of a legitimate package. For example, Abraham would make \$60,000 profit by selling 60 cases of counterfeit cigarettes.

The more than 107 million counterfeit and genuine market cigarettes smuggled by the organization would fill a dozen 40-foot shipping containers. A carton of counterfeit cigarettes (containing 200 cigarettes) can cost as little as \$2 to produce in Asia. That same carton of counterfeit cigarettes, when smuggled into the United States, can be sold on the streets of New York City for \$70 or more.

Ignacio Abraham, Jorge Abraham’s 71-year-old father, on Monday also pleaded guilty to count one of the indictment. He also is to pay restitution to state and federal entities. The elder Abraham is set to be sentenced March 8, 2005. The court will set restitution and fines at that time.

Nine other members and co-conspirators of the organization have pleaded guilty in the past few months. A 32-year-old high-ranking member of the criminal network is set to appear before a federal judge Friday morning to enter a guilty plea.

ICE special agents in El Paso launched the investigation in the fall of 2000 and worked closely with the ICE Tobacco Program in Washington, D.C. and various ICE field offices nationwide as the case developed. ICE agents worked in tandem with Customs and Border Protection officers at the border to identify the organization's illegal shipments coming into the country. The IRS, the Bureau of Alcohol, Tobacco, Firearms, and Explosives, the FBI, and the El Paso County Sheriff's Department provided significant assistance in the investigation.

Assistant United States Attorneys Jose Luis Gonzales and Steve Garcia in El Paso prosecuted the case.

ICE

U.S. Immigration and Customs Enforcement is the largest investigative arm of the Department of Homeland Security.